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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

ORIGINAL

Policy and Rules Concerning the )  
Interstate, Interexchange Marketplace )  
Implementation of Section 254(g) of the )  
Communications Act of 1934, as amended )

CC Docket No. 96-61

RECEIVED

OCT 16 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

COMMENTS

MCI Telecommunications Corporation (MCI) hereby offers its comments in response to the "The American Samoa Government's Proposed Rate Integration Plan for American Samoa," which was filed with the Commission on October 1, 1997. Therein, the American Samoa Government (Government) proposes to achieve "rate integration," as envisioned in Section 254(g) of the Telecommunications Act of 1996,<sup>1</sup> pursuant to the Common Carrier Bureau's *Memorandum Opinion and Order* dated July 30, 1997 (DA 97-1628), and the revised procedural schedule adopted by the Bureau in an *Order* dated August 14, 1997 (DA 97-1744).

MCI, as a result of its relationship with the telecommunications authority on American Samoa, the Office of Communications (ASOC), stands to be directly affected by rate integration in American Samoa and, therefore, welcomes the opportunity to respond to the expressed intent of the Government to participate in rate integration, a position that has not

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<sup>1</sup> Pub. L. No. 104-104, 110 Stat. 56.

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always been clear.<sup>2</sup> The Government's participation, in fact, is essential - indeed, a condition precedent - to achieving rate integration simply because, as noted herein, the approach needs to be "two-way" and, logically and economically, cannot be only "one-way."

The Government operates the ASOC, which provides telecommunications services within American Samoa, as well as between American Samoa and off-island locations, including other "states." It is the only entity furnishing such services at this time and, given the economics involved, likely will remain the only entity to do so in the near future. In terms of dealing with U.S. carriers, the ASOC traditionally has operated as if it were an international carrier and, accordingly, the service arrangement between itself and MCI (and other U.S. carriers as well) was achieved on an "accounting rate" basis, with each carrier receiving one-half of the accounting rate for delivered traffic. Significantly, it appears, the Government's proposal would continue in this vein, i.e., on an accounting rate basis into the indefinite future.<sup>3</sup>

To satisfy rate integration, the Government reduced the interstate collection rates by approximately 25 percent on

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<sup>2</sup> In letters to the Commission dated January 31, 1997 and May 30, 1997, MCI expressed its concern that American Samoa did not appear to be interested in participating in rate integration and, accordingly, it would not be possible to achieve rate integration for interstate calls made to that location.

<sup>3</sup> Between May 1992 and July 1997, the applicable accounting rate has been reduced from \$1.70 to \$.60.

October 1, 1997, and is proposing to reduce those rates further on January 1, 1998, which would result in a 45 percent reduction compared to the rates that were in effect before July 1, 1996. It also plans to eliminate distinctions between its rates to Guam and the Commonwealth of the Northern Mariana Islands (CNMI) and its rates to other U.S. locations.<sup>4</sup> And, although the Government is planning to implement a number of changes that would have it take on the appearance of a domestic carrier, it does not intend to implement the North American Numbering Plan (NANP) because it believes that such an undertaking is unnecessary to achieve rate integration and that the costs of doing so, on balance, would outweigh the benefits that would result from such an effort.<sup>5</sup>

With regard to maintaining the accounting rate payment structure, MCI submits that this would create an artificial imbalance of traffic and revenues. The Government's rate reductions notwithstanding, were MCI to integrate fully its rates for calling to American Samoa, it would be charging prices for long distance calls at substantially less than the charges for calls originating in American Samoa. This result would tend to encourage an imbalance of traffic in favor of "outbound" calls from the states until such time as the rates for calling from American Samoa were reduced to MCI's levels, which might not

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<sup>4</sup> The new per-minute collection rates on January 1, 1998 for calling to U.S. locations would be: \$.50 (Day); \$.45 (Night); and \$.40 (Night/Weekend).

<sup>5</sup> The Government estimates that it would cost \$3.5 million to implement the NANP, which amount it does not suggest might be amortized over time in order to lessen financial impact.

occur for some time, if ever. Even more significant, in the proposal under consideration, MCI would be paying out to the ASOC an amount for each minute of traffic terminating in American Samoa that would exceed its tariff or collection rates for such traffic. As more and more customers were encouraged to call "outbound" from the other states to American Samoa, the imbalance of traffic and losses for MCI would continue to grow, while American Samoa would benefit more and more from the outbound accounting rate payments. To avoid this problem, MCI respectfully submits that it will not be implementing full rate integration for calling to American Samoa until such time as the "accounting rate" is further reduced to a level that can accommodate MCI's collection rates for calling to American Samoa.<sup>6</sup>

However, MCI, given the very unique circumstances arising in this matter and the movement of the Government toward achieving rate integration for American Samoa, hereby commits to reducing its tariff or collection rates for calls to American Samoa to levels no higher than those imposed by the ASOC for calls from American Samoa. And, at such time as the "accounting rate" is further reduced to a level that can accommodate MCI's collection rates or, in the alternative, the ASOC files cost-based tariffs for interstate access services that are accepted by the Commission, MCI will fully integrate its rates for calling to

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<sup>6</sup> In this regard, MCI cannot concur with the proposed January 1, 1998 implementation date for full rate integration.

American Samoa.<sup>7</sup>

Respectfully Submitted,

MCI TELECOMMUNICATIONS CORPORATION

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Dated: October 16, 1997

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<sup>7</sup> See Proposed Rate Integration Plan at 13-14, wherein the Government addresses the prospect of filing access tariffs with the Commission.

**CERTIFICATE OF SERVICE**

I, Vernell V. Garey, hereby certify that the foregoing "COMMENTS", was served this 16th day of October, 1997, by mailing true copies thereof, postage prepaid, to the following persons at the addresses listed below:

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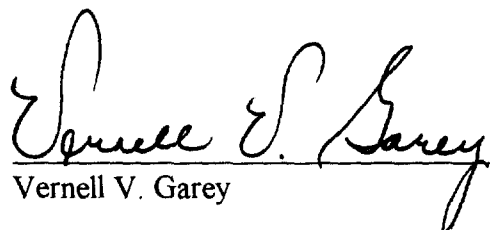
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